



Audit and Risk Committee Charter

BIG RIVER INDUSTRIES LTD
ACN 609 901 377
(Company)

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1 Purpose and authority

1.1 Purpose

The purpose of this Audit and Risk Committee Charter is to specify the authority delegated to the Audit and Risk Committee (**Committee**) by the board of directors of the Company (**Board**) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a committee of the Board established in accordance with the Company's Constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

2 Role of the Committee

The role of the Committee is to assist the Board in carrying out its accounting, auditing, risk and financial reporting responsibilities, including oversight of:

- (a) the integrity of the Company's internal control framework and financial reporting systems and internal and external financial reporting and financial statements;
- (b) the appointment, remuneration, independence and competence of the Company's external auditors;
- (c) the performance of the external audit functions and review of their audits;
- (d) the effectiveness of the Company's system of risk management and internal controls; and
- (e) the Company's systems and procedures for compliance with applicable legal and regulatory requirements.

3 Audit and risk responsibilities

3.1 External reporting

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting judgements or choices exercised by management in the preparation, composition and presentation of financial reports;
- (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (c) assessing significant estimates and judgements in financial reports by examining the processes used to derive material estimates and judgements and seeking verification of those estimates from external auditors;
- (d) reviewing and making recommendations in relation to the adequacy of the Company's corporate reporting processes and internal control framework;
- (e) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (f) assessing (before publication) whether external reporting is consistent with the understanding of the Committee members of, and otherwise provide, a true and fair view of the financial position and performance of the Company;

- (g) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Company and making recommendations to the Board on their approval or amendment;
- (h) ensuring that a comprehensive process is established to capture issues for the purpose of continuous disclosure reporting to ASX;
- (i) reviewing the completeness and accuracy of the Company's main corporate governance practices as required by the ASX Listing Rules;
- (j) assessing information from external auditors that affects the quality of financial reports;
- (k) asking the external auditor for an independent judgement about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (l) assessing solvency and the going concern assumption;
- (m) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur; and
- (n) recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

3.2 External and internal audit

The Committee is responsible for:

- (a) making recommendations to the Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (b) making recommendations to the Board on the rotation of the audit engagement partner;
- (c) agreeing the terms of engagement of the external auditor before the start of each audit;
- (d) reviewing the external auditor's fee for audit work and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (e) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (f) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- (g) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgement or independence and, if required, developing policies for Board approval to ensure this does not occur;
- (h) reviewing and making recommendations to the Board in relation to the fees payable to the external auditor for non-audit work;
- (i) making recommendations to the Board on the removal of the external auditor;
- (j) ensuring that any recommendation to replace the external auditor is carefully evaluated before the Board makes a final decision;
- (k) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;

- (l) reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (m) raising with the external auditor any specific points of divergence with the Company's management;
- (n) monitoring and examining management's response to the external auditor's findings and recommendations;
- (o) reviewing all representation letters signed by management and ensuring all information provided is complete and appropriate;
- (p) meeting with the external auditor without management present at least once a year;
- (q) appointing or removing the head of the internal audit;
- (r) reviewing the scope and adequacy of the internal audit work plan; and
- (s) reviewing the independence, objectivity and performance of the internal audit function.

3.3 Risk management

The Committee is responsible for:

- (a) reviewing the risk profile prepared by management which describes the material risks facing the Company including financial and non-financial risk matters;
- (b) regularly reviewing and updating the risk profile;
- (c) ensuring that the Company has an effective risk management system and reviewing that system at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board
- (d) monitoring management's performance against the risk management framework including whether it is operating within the risk appetite set by the Board;
- (e) making recommendations to the Board in relation to changes that should be made to the risk management framework or to the risk appetite statement set by the Board;
- (f) assessing and ensuring that there are internal controls for determining and managing key risk areas, such as, for example:
 - (i) non-compliance with laws, regulations, standards and best practice guidelines including industrial relations, occupational health and safety, environmental and trade practices laws (as relevant to the Company from time to time);
 - (ii) important judgements and accounting estimates;
 - (iii) business licence requirements;
 - (iv) litigation and claims;
 - (v) fraud and theft;
 - (vi) cyber resilience and IT related risks including a cyber security incident response plan;
 - (vii) environmental and social risks; and
 - (viii) relevant business risks not dealt with by other Board committees;
- (g) receiving reports concerning material and actual incidents within the risk areas above and ensuring that macro, material financial and non-financial risks are reported to the Board in a timely manner (as required);

- (h) receive reports from management on new and emerging risks and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (i) conducting investigations of breaches or potential breaches of any internal controls, and incidents within the risk areas above, particularly in relation to accounts and financial reporting;
- (j) reviewing any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned";
- (k) encouraging voluntary reporting by employees to the Committee of breaches of Company policies, and incidents within the risk areas above;
- (l) assessing existing controls that management has in place for unusual transactions or transactions with more than an accepted level of risk;
- (m) meeting periodically with key management, external auditors and compliance staff to understand the Company's control environment;
- (n) overseeing the preparation of a summary of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the Directors' report;
- (o) approving any internal audit plans and receive reports from internal audit on its reviews of the adequacy of the entity's processes for managing risk; and
- (p) overseeing the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business.

3.4 Related party transactions

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

4 Membership

4.1 Composition and size

The Committee will consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors; and
- (c) at least three members.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

Each member must be free from any interest, position, association or relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgement as a member of the Committee.

4.2 Chairperson

The chairperson of the Committee must be an independent non-executive director who is not the chairperson of the Board.

The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

4.3 **Technical expertise**

The Committee must be structured so that, between them, the members of the Committee should have the accounting, financial and risk management expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's duties effectively.

4.4 **Skills development**

If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

4.5 **Commitment of Committee members**

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

4.6 **Secretary**

The company secretary of the Company is the secretary of the Committee.

5 Committee meetings and processes

5.1 **Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

5.2 **Frequency and calling of meetings**

The Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor or the chairperson of the Board.

5.3 **Quorum**

Two directors constitute a quorum for meetings of the Committee.

5.4 **Attendance by management and advisors**

The Chief Executive Officer and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the external auditors.

The Committee chairperson may also invite other senior managers and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

5.5 **Notice, agenda and documents**

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

Unless otherwise agreed or considered necessary by the chairperson, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the secretary to each Committee member and any other individual invited to attend, not less than seven working days before the meeting.

5.6 Access to information and advisors

The chairperson of the Committee receives all reports between the external auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain the advice of special or independent counsel, accountants, consultants, specialists or other experts, without seeking approval of the Board or management (where the Committee considers that necessary or appropriate); and
- (d) access and interview management, and internal and external auditors (with or without management present).

5.7 Minutes

The secretary will keep minute books to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

6 Committee's performance evaluation

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.

7 Review and publication of charter

The Committee will review its charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.

This charter will be available on the Company's website.

Approved by the Board on 26 May 2020

Reviewed: 22 June 2021

Reviewed: 25 May 2022

Reviewed: 31 May 2023