Sugar Research
Australia

AUDIT AND RISK COMMITTEE CHARTER

Control

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1. Context

1.1 The Audit and Risk Committee ("Committee" or "ARC") is a committee of the Board of Sugar Research Australia Limited established pursuant to SRA's Constitution.

1.2 The objectives of the Committee are to assist the SRA Board discharge its corporate governance responsibility to exercise due care, diligence and skill in relation to:

(a) Monitoring the overall risk management framework, financial reporting processes, processes for compliance, appointment and performance of internal and external auditors, and oversight of internal and external audit programs.

(b) Reviewing SRA's planning and budgeting processes to ensure alignment with strategic objectives and assessed risks.

(c) Oversighting SRA's compliance and assurance processes including, internal and external audit scopes, audit outcomes and recommendations, and actions to address identified improvements/gaps.

(d) Reviewing the Board and Company procedures and practices relating to the SRA Research Funding Panel and the overall conduct of research and research management functions; and

(e) Considering any other matters referred to the Committee by the Board.

2. Roles and Responsibilities

2.1 **BUDGETING AND PERFORMANCE MONITORING**

(a) Assessing SRA's annual operational and capital budgets to ensure budgets are consistent with SRA's strategic objectives and are appropriate having regard to the SRA's current and forward revenue forecasts, current and future research commitments.

(b) Monitoring SRA's liquidity and cash flow ensuring forward cashflow forecasts are in line with the Board approved reserves policy.

(c) Monitoring the financial performance of SRA against Board approved budgets.

(d) Assessing financial and other risks or concerns that impact, or may impact, the financial performance and reporting obligations of SRA, ensuring that SRA is adequately managing risks or concerns, and

(e) Reviewing the effectiveness of the budgeting, forecasting and reporting processes used by Management.

2.2 FINANCIAL OVERSIGHT AND CORPORATE REPORTING

(a) Reviewing the annual financial reports and statements and receive assurance regarding compliance with accounting standards and regulations prior to Board approval.

(b) Reviewing the appropriateness of SRA's accounting policies and practices.

(c) Reviewing the appropriateness of significant assumptions made by Management in preparing the financial reports and statements.

(d) Reviewing and assessing compliance with taxation requirements; and

(e) Reviewing the appropriateness of treasury management policies and practices.

2.3 INTERNAL CONTROLS AND AUDIT ASSURANCE

(a) Working with management and internal auditors to determine the effectiveness of SRA's internal control environment, particularly as controls relate to:

(i) compliance with laws, regulations, and relevant codes of practice and standards,

(ii) important or material judgments and accounting estimates,

(iii) litigation and claims, and

(iv) fraud and theft.

(b) Reviewing and endorsing for Board approval, SRA's Annual Internal Audit plan.

(c) Reviewing internal audit findings and recommendations and Management's response.

(d) Reviewing and endorsing budget allocations to research activities endorsed or recommended by the SRA Research Funding Panel. This includes the monitoring of research expenditure to track them against the budget.

(e) Monitoring the framework for identifying, mitigating and managing SRA's cyber security and resilience and monitoring the effectiveness of SRA's cyber security risk control systems.

(f) Making recommendations to the Board in relation to the appointment, terms of engagement and evaluation of the external auditor and consulting the external auditor on the proposed annual audit strategy, audit plan and audit fees.

(g) Reviewing external audit findings and recommendations, and management's response, to ensure that they are in line with SRA's risk management framework.

(h) Monitoring the relationship between management and the external auditors and periodically reviewing with the external auditor, without Management present, the quality of SRA's accounting management policies and procedures.

(i) Monitoring the implementation of actions to address external and internal audit findings; and

(j) Ensuring that there is no material overlap between the internal and external audit functions.

2.4 **RISK MONITORING AND MANAGEMENT**

(a) Reviewing SRA's risk framework, risk profile and risk appetite considering SRA's strategic direction and make appropriate recommendations to the Board.

(b) Reviewing the methodology used by Management to identify corporate risks, evaluate their potential impact and implement appropriate strategies to manage those risks.

(c) Reviewing reports from Management regarding SRA's risk profile and risk management strategies and recommending changes as necessary; and

(d) Ensuring that an appropriate risk culture is maintained throughout SRA.

2.5 **INSURANCE**

(a) Reviewing SRA's insurance portfolio and arrangements on an annual basis including type of cover, scope of cover, and duration of cover; and

(b) Assessing reports from Management concerning SRA's annual insurance strategy, including the adequacy of coverage and limits of insurance policies.

3. Delegation and Authority

3.1 The Committee may examine any matter in relation to its role, functions and accountabilities, either on its own initiative or at the request of the Board.

3.2 Unless expressly delegated by the Board, the Committee does not have any decision-making powers and performs an advisory role only, making recommendations to the Board.

3.3 In fulfilling its role and discharging its functions and accountabilities, the Committee has the authority to:

(a) Require the Chief Executive Officer, members of SRA's Senior Leadership Team or other SRA staff to attend meetings and provide information or advice;

(b) request or authorise investigations and access information, records and personnel for that purpose; and

(c) seek advice from independent external consultants, subject to the Board's approval and appropriate budgetary provision.

3.4 The Committee is subject to the direction of the Board.

4. Membership

4.1 The Committee comprises a minimum of 2 and a maximum of 4 members, including the Committee Chair.

4.2 Committee members must be Directors of SRA.

4.3 The Committee Chair and members are appointed by the Board, for the term and on the conditions determined by the Board.

4.4 The Board must appoint Committee members based on their skills and experience, so that collectively the Committee has the appropriate skills and experience to fulfil its role, functions and accountabilities.

4.5 The Committee Chair must not be the Chair of the Board and must possess strong leadership and communication skills. The Committee Chair should also have skills or experience in finance and ideally possess financial qualifications (for example, as a Chartered Accountant or Certified Practising Accountant).

5. Meetings

FREQUENCY

5.1 The Committee must meet at least 4 times per year which may be in person or via video-conference.

5.2 The Committee may meet additionally, as the Committee considers necessary.

5.3 The Committee Chair and Company Secretary will endeavour to schedule meetings to coincide with other Board responsibilities and the timing of obligations that SRA is required to meet that require Committee endorsement or discussion.

CHAIR

5.4 If the Committee Chair is absent or unable or unwilling to chair a Committee meeting, the Committee members present may appoint a chair for that meeting.

QUORUM

5.5 A quorum for a Committee meeting is 2 members.

INVITEES

5.6 All Directors of SRA have a right to attend Committee meetings.

5.7 The Board Chairperson must be provided with notice of, and the agenda for, all Committee meetings.

5.8 The CEO and General Manager Finance (or the most senior member of the Finance team such as the Head of Finance) will generally be invited to attend Committee meetings.

5.9 The Committee may invite other stakeholders such as SRA staff to attend its meetings as it sees fit to assist the Committee in performing its roles and responsibilities.

VOTING

5.10 Any matters requiring decision by the Committee may be decided by consensus, with no need for formal voting.

5.11 However, if a consensus is not achievable, a matter may be decided by a majority of votes of Committee members present.

5.12 Invitees to Committee meetings have no right to participate in consensus decisions or to vote.

6. Secretariat

6.1 The Company Secretary, in consultation with the Committee Chair and the Senior Leadership Team (in particular the General Manager Finance, or the most senior member of the Finance team such as the Head of Finance), will assist the Committee with the administration of its meetings and reporting duties, including, as required:

(a) preparing and sending notices of meetings and agenda to Committee members;

(b) preparing and distributing Committee papers; and

(c) preparing minutes of Committee meetings and including them in the Board papers.

7. Planning

7.1 The Committee must prepare an annual plan and calendar outlining the meetings, activities and events the Committee plans to undertake in each year.

7.2 The Committee must provide its annual plan and calendar to the Board for approval.

8. Reporting

REPORTING TO BOARD

8.1 As soon as practicable, the Committee will provide the minutes of each Committee meeting to the Board at the next Board meeting.

8.2 The Committee Chair may provide a verbal report on the Committee's activities to the Board if required.

REPORTING TO MEMBERS

8.3 Rule 22.6 of the Constitution requires the Board to include in the annual report for each financial year a report on the operations of the Committee.

9. Review

9.1 The Committee will review the Charter every 2 years to keep it up to date and consistent with the Committee's authority, objectives and responsibilities.

9.2 Any amendments to the Charter recommended by the Committee must be approved by the Board before taking effect.