



# Audit and Risk Committee Charter

## Purpose

The Audit and Risk Committee ("Committee") is to assist the Board of My Food Bag Group Limited ("Company") in fulfilling its responsibilities in relation to accounting and reporting, external and internal audit, tax planning and compliance, treasury and general risk management of the Company and its subsidiaries (the "Group"). The Committee will carry out this purpose by overseeing, reviewing and providing advice to the Board on the Group's:

- Risk policies and processes;
- Internal control mechanisms;
- Policies and processes adopted to ensure compliance with applicable legislation, regulations, codes of practice, NZX and ASX listing rules and government requirements as they relate to financial and non-financial disclosure; and
- Financial information prepared by management for publication to shareholders, regulators and the general public.

Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems within the Group. The Committee has delegated authority from the Board to oversee and monitor these activities.

The purpose of this Audit and Risk Committee Charter ("Charter") is to set out the role, responsibilities, composition, structure and procedures of the Committee. The Charter provides guidance for the effective oversight of audit and risk matters by the Committee on behalf of the Board. This Charter should be read alongside the Company's Auditor Independence Policy.

## Authority

Unless specifically mandated, the Committee has recommendatory powers only.

The Committee is authorised by the Board to undertake any activity pursuant to its functions and responsibilities defined in this Charter or otherwise assigned to it by the Board. It is authorised to seek any information it requires from any employee and all employees shall be directed to cooperate with any request made by the Committee.

The Committee shall have the authority of the Board to obtain legal or other independent professional advice, and to secure the attendance at meetings of third parties with the relevant experience and expertise if it considers this necessary.

The Committee shall not have nor exercise any power that the Board is prohibited from delegating under s 130 of the Companies Act 1993.

The Committee has authority to sub-delegate. The Committee must ensure any activities outside the scope of the Committee are referred to the appropriate responsible body.

## **Committee Composition**

- The Committee is a Committee of the Board.
- The Committee will comprise a minimum of three directors, with at least one member having an accounting or financial background.
- The Committee will be structured to ensure that, as a collective group, it has the skills, experience and knowledge to fulfil its purpose and responsibilities.
- At least a majority of the Committee must be comprised of independent directors (as that term is defined in the NZX Listing Rules). All committee members will be non-executive directors of My Food Bag.
- The Chair of the Board shall not be eligible to be Chair of the Committee and the Chair of the Committee shall be a non-executive, independent director. In addition, the Chair of the Committee must not have a long-standing association with My Food Bag's external audit firm as a current, or retired, audit partner or senior manager at the firm. The Chair of the Committee will generally be perceived to be independent for this purpose if there has been a period of at least three years between previously being employed by the external audit firm and services as Chair of the Committee.
- The Committee Chair and members will be appointed by the Board and will hold office until replaced by resolution of the Board.
- The Committee may, from time to time, co-opt external experts if the Committee believes this would assist the Committee to discharge its responsibilities. For the avoidance of doubt, these external experts shall not be members of the Committee.

## **Role and Responsibilities of the Committee**

To enable it to achieve its primary purpose, the Committee will have the following specific responsibilities:

### **Assurance**

- Ensuring that effective audit, risk management, and compliance systems are in place and monitored to protect the Group's assets and to minimise the possibility of the Group operating beyond legal or regulatory requirements or beyond acceptable risk parameters;
- Enquiring of management, and the external auditor regarding significant risks or exposures and assessing the Group's compliance with policies and procedures to effectively manage risk to the Group;
- Evaluating the steps management has taken to identify and manage risks and exposures and review the extent to which management has instilled an effective risk management culture throughout the Group;
- Reviewing the adequacy of the Group's internal controls, including information system controls, security, conflicts of interest, and prevention and identification of fraud in consultation with the external auditor;
- Reviewing annually the Audit and Risk Committee Charter and recommending to the Board any material changes;

- Reviewing annually the Company's Risk Management Policy and Risk Management Framework and recommending to the Board any material changes;
- Reviewing annually the following policies and practices and recommending to the Board any material changes:
  - Delegated Authorities Policy
  - Continuous Disclosure Policy (compliance with listing rules and disclosure requirements)
  - Treasury Risk Management Policy (finance and funding arrangements)
- Reviewing policies and procedures with respect to officers' and employees' expense claims and prerequisites, including their use of corporate assets and considering the results of any review of these areas by the Company's financial controller or external auditors;
- Reviewing and reporting to the Board on the effectiveness of the Group's insurance policies; and
- Reporting to the Board on the state, nature and effectiveness of the Company's risk assurance policies and practices.

### **Financial Reporting**

- Considering, and making recommendations for Board approval, on all major accounting policies and practices, including any proposed changes to the Company's accounting policies and practices and their application during the reporting period;
- Considering and making recommendations on the methods used to account for significant unusual transactions or transactions in emerging areas for which there may be no specific accounting standard;
- Reviewing legal and regulatory matters that may have a material impact on the financial statements;
- Reviewing with management and the external auditor the interim and annual financial statements and all other financial statements prepared by the Company that are to be released to the market including:
  - the content of the relevant financial statements;
  - discussing with the external auditor any material matters relating to the financial statements, and considering their views as to the accuracy of such financial statements where the relevant financial statements are unaudited;
  - meeting with the external auditor without management present as part of the process for reviewing the Group's financial statements;
  - and, if the financial statements are audited:
    - the external auditor's audit of the financial statements and their formal audit opinion;
    - any serious difficulties or disputes encountered during the course of the audit;

- any other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards;
- Reviewing the truth and fairness of financial statements prepared by the Company and obtaining explanations from management and external auditors on whether:
  - financial results varied significantly from budgeted or projected results;
  - significant or unusual events or transactions are adequately disclosed;
  - the Company’s financial and operating controls are functioning effectively; and,
  - all annual and interim financial statements and announcements contain adequate and appropriate disclosures;
- Reviewing that the financial statements are prepared in accordance with legal requirements and accepted accounting practice and provide a fair presentation of the financial position and results of the Group;
- Reviewing and discussing with management the Company’s external financial reporting and announcements and ensuring compliance with applicable legal requirements, regulations, NZX and ASX Listing Rules and codes of practice;
- Requiring annual certification by the Chief Executive Officer and the Chief Financial Officer that:
  - the Group’s financial statements present fairly, in all material respects, of the Group’s financial condition and operational results and are in accordance with applicable accounting standards; and
  - the above statement was based on a sound system of risk management and internal control and compliance which implements the policies adopted by the Board; and
- Considering, and recommending for Board approval, draft financial statements, reports and company announcements regarding financial matters which must be disclosed to the NZX and ASX and any regulatory body.

### **External Auditors**

- Recommending the appointment and removal of the independent external auditor in line with the Company’s Auditor Independence Policy, including reviewing the non-audit services provided by the external auditor and their related fees, conflicts of interest and rotation of the Key Audit Partner (as that term is defined in the NZX Listing Rules);
- Meeting with the external auditor at the beginning of the planning phase to discuss areas of mutual interest and concern, including consideration of the levels of materiality to be adopted by the auditor in respect of the Group and to review and approve the annual audit plan;
- Considering and reviewing with the external auditor any significant findings of the external auditor, together with management’s responses and recommending appropriate actions;
- Requiring the external auditor to confirm annually in writing that it has complied with all professional regulations in relation to auditor independence;

- Endeavouring to ensure direct communication with and unrestricted access to the external auditor, the Company's finance team or accountants and the Board; and
- Meeting privately, at least once annually, with the external auditor. In advance of any such meeting the Audit and Risk Committee should advise and encourage the auditor to raise any concerns or complaints that they may have at the meeting with the view to discussing and resolving those issues.

### **General**

- Providing an open avenue for communication between the Company's finance team, the external auditor and the Board;
- Identifying and directing any special projects or investigations it deems necessary in accordance with achieving the Committee's objectives;
- Reporting Committee actions to the Board with such recommendations as the Committee may deem appropriate;
- Preparing a statement for inclusion in the annual report that describes the Committee's composition and meeting dates, the Committee's responsibilities and how these were discharged;
- Reviewing and updating this Charter annually, or earlier where considered necessary. The updated Charter will be forwarded to the Board for approval and adoption; and
- Any other matters that the Board may refer to it from time to time.

### **Committee Secretary**

The Committee will appoint a Committee Secretary (the "Secretary") who will be a My Food Bag employee or secondee nominated by the Committee. The Secretary, in conjunction with the Committee Chair and the Company's Financial Controller, shall be responsible for the co-ordination of all Committee business including meeting scheduling, agendas, scheduling policy reviews, distribution of Committee papers, minutes and communication with the Board and external auditors.

### **Risk assurance**

The Company's Financial Controller is responsible for administering the Company's financial risk assurance procedures. In this respect, the Financial Controller has a dual reporting line to the Chief Financial Officer and the Committee Chair. The Financial Controller has direct access to the Chief Executive Officer as required to enable the Chief Executive Officer to fulfil their risk management responsibility delegated from the Board.

The Financial Controller shall have the authority to determine the effectiveness of risk management, assurance and audit. Such determinations are to be objective and cognisant of the culture, management practices, structure and policies of the Company.

The Committee will give clear guidance to the Chief Financial Officer and the Financial Controller with respect to financial risk management and audit policy.

The Committee will task the Chief Financial Officer and the Financial Controller with ensuring healthy and robust debate and interaction between management and risk assurance and audit providers.

The Committee will be provided with regular reviews of financial risk management, assurance and audit processes by the Chief Financial Officer and/or the Financial Controller.

## **Procedure**

The Committee will hold at least 3 meetings a year and will meet at other times as required to fulfil its obligations.

If the Committee Chair is absent from a meeting, the members of the Committee participating in that meeting shall elect a chairperson for the meeting from their number.

Proceedings of Committee meetings will be in accordance with the Company's Constitution and otherwise as determined by the Committee Chair. The Committee Chair shall call a meeting of the Committee if so requested by any member of the Committee, or the external auditor, or as requested by the Board.

A quorum for meetings shall be two. The contemporaneous linking together by telephone or other means of instantaneous audio or audio-visual communication of sufficient members of the Committee to constitute a quorum and by which all the members participating can simultaneously hear each other throughout the meeting, whether or not one or more of such member of the Committee shall then be out of New Zealand, shall be deemed to constitute a meeting of the Committee.

Written notice of Committee meeting dates, times and locations will be prepared by the Secretary. The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting.

Each Committee member is expected to participate fully in meeting discussions, having read all Committee and briefing papers provided. The papers will be provided sufficiently in advance of the meeting to allow adequate reading time.

Open and constructive discussion is encouraged at Committee meetings to ensure decisions are taken that benefit from the diverse range of skills, knowledge and experience of members.

Minutes will be taken of all Committee meetings by the Committee Secretary. Following approval by the Committee, these shall be signed by the Committee Chair as a correct record of the proceedings of the meeting. The Committee Chair shall report the findings and recommendations of the Committee to the Board after each meeting and will ensure copies of the minutes are provided to Board members.

All discussions, papers and records of Committee meetings will remain confidential to the Company unless there is a specific direction from the Committee or the Board or disclosure is required by law.

Despite the existence of the Committee, the external auditor has direct access to the full Board if required.

Members of the Company's Executive Management Team have an express right of direct access to the Committee Chair in relation to any matters of material concern that have been raised through normal management processes but have not been advised to the Committee.

## **Conflicts of Interest**

A member of the Committee who has an interest in any matter being determined by the Committee shall excuse themselves from the relevant discussions and shall not vote on that matter.

## **Attendees**

The external auditors, Chief Financial Officer, Chief Executive Officer, Financial Controller and others as appropriate may be invited to attend Committee meetings at the discretion and invitation of the Committee. Adequate notice shall be given to those to be invited. Invitees may be requested to withdraw from the meeting at any time by the meeting Committee Chair.

## **Annual Committee Performance Evaluation**

The Chair of the Committee shall review at least every two years the Committee's performance and report its findings to the Board.

## **Policy Review**

The Board will review this policy as required and at least every two years.

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