



Charter of the Finance and Audit Committee

Freedom Foods Group Limited
ACN 002 814 235

Updated: 12 February 2020

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1. Introduction

- 1.1 This Charter governs the roles, responsibilities, composition and membership of the Finance and Audit Committee of the Company (**Committee**).
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company.
- 1.3 This Charter was adopted by the Board on 12 February 2020.

2. Objectives

- 2.1 The purpose of the Committee is to assist the board of directors of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities by:
 - (1) monitoring, reviewing and making recommendations to the Board regarding:
 - (a) the integrity of financial statements;
 - (b) the effectiveness of internal financial controls;
 - (c) the independence, objectivity and competency of external auditors;
 - (d) the debt and equity financing arrangements to be undertaken by the Company;
and
 - (2) making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.
- 2.2 The primary objective of the Committee is to assist the Board in fulfilling its responsibilities relating to the accounting and financial reporting practices of the Company.

3. Composition

3.1 Members

The Committee must only consist of non-executive directors, the majority of whom must be independent directors. The Committee must have a minimum of three members.

The members of the Committee will be appointed and removed by the Board.

3.2 Expertise

Each member of the Committee must be able to read and understand financial statements.

The Committee must also include:

- (1) at least 1 member who is a qualified accountant or other financial professional with experience of financial and accounting matters; and/or
- (2) a member who has an understanding of the fast moving consumer goods industry.

Members of the Committee must have an appropriate level of understanding of the principles of corporate governance, including knowledge of the Australian Securities Exchange Limited's (ASX) Corporate Governance Principles and Recommendations.

3.3 **Chairman and Secretary**

The Board will appoint a Chairman to the Committee (**Chair**). The Chair must be an independent director and must not be the Chairman of the Board.

The Chief Financial Officer will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

4. **Meetings**

4.1 **Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet twice per year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.

4.2 **Agenda and notice**

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 2 days before the meeting.

4.3 **Quorum**

A quorum for Committee meetings will be at least 2 members and at least 1 of the members of the quorum must be an independent director.

4.4 **Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

4.5 **Attendance**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee

members.

5. Powers

5.1 Access

The Committee has unrestricted access to management, employees, external auditors and all company documents and records for the purpose of carrying out its responsibilities under this Charter.

The Committee will meet with external auditors as often as required, but not less than twice a year; and the Committee may request the absence of management.

5.2 Investigations

The Committee has the power:

- (1) to conduct any investigations it considers necessary; and
- (2) seek explanations and additional information.

The Committee has the power to engage any independent experts or consultants it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.

6. Responsibilities

6.1 Summary

The Committee is responsible for reviewing and making recommendations to the Board in relation to:

- (1) the half yearly and annual reports and financial statements of the Company and associated entities;
- (2) the appointment or removal of the external auditor, the rotation of the audit engagement partner, and the fees payable to the auditor for audit and non-audit work;
- (3) the adequacy, scope and quality of the annual statutory audit and half yearly statutory audit review;
- (4) the independence and performance of the external auditor, and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (5) the adequacy and effectiveness of the Company's corporate reporting processes and financial internal control systems and framework;
- (6) the reliability of financial reporting and whether the Company's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;

- (7) the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
- (8) compliance of the Company with applicable laws and regulations within the Committee's remit, including monitoring and reviewing such laws and regulations;
- (9) the Australian Accounting Standards and Urgent Issues group consensus views, including monitoring them;
- (10) the Company's debt and hedging arrangements;
- (11) financial risks and exposure of Company assets, including monitoring them;
- (12) the independence, including overseeing the independence, of external auditors and annually reviewing the Company's policy on maintaining the independence of the external auditor;
- (13) the structure and pricing of any equity or equity related securities to be issued by the Company; and
- (14) the effectiveness of financial internal control procedures and the improvement programmes put in place in relation thereto.

6.2 External auditors

The responsibilities of the Committee also include:

- (1) providing a link between the external auditors and the Board;
- (2) reviewing procedures for the selection and appointment of external auditors;
- (3) recommending the terms of engagement of the external auditors;
- (4) reviewing and providing oversight of audit reports prepared and issued by the external auditors; and
- (5) ensuring that no management or other restrictions are placed on the external auditors.

The Committee meets with the external auditors at least twice a year or more frequently if required. The external auditors have a direct line of communication at any time to either the Chairman of the Committee or the Chairman of the Board.

6.3 Review of financial reports

Duties of the Committee in this regard include:

- (1) reviewing financial statements for accuracy, adequacy and clarity and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board;

- (2) reviewing financial statements for adherence to accounting standards and policies and the requirements of the ASX Listing Rules and the Corporations Act 2001;
- (3) reviewing accounting policies adopted and any changes made to them;
- (4) reviewing management processes supporting external reporting;
- (5) discussing any significant matters arising from the audit, management judgements and accounting estimates with management and external auditors; and
- (6) reviewing and where necessary challenging the actions and judgment of management in relation to all financial reports.

7. Reporting

7.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues. The report must also include, at a minimum, an assessment of:

- (1) whether external reporting is in line with the information and knowledge of the Committee and whether it is adequate for the needs of the Company's shareholders;
- (2) the management processes which support external reporting;
- (3) the performance and independence of the external auditors and, given the provision by the external auditors of any non-audit services, whether the independence of the external auditors has been maintained; and
- (4) to the extent that the Committee has considered such matters at its previous meeting, the effectiveness of financial internal control procedures and the improvement programmes put in place in relation thereto – this matter is to be reported on at least once annually.

The minutes of the Committee meetings must be included in the papers for the next full Board meeting subsequent to each Committee meeting.

7.2 Annual report

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the section of the Company's annual report that relates to the Company's audit and finance policies and practices.

7.3 Public availability of materials

The Committee must monitor that the following material is made publicly available on the Company's website in a clearly marked corporate governance section:

- (1) a copy of this Charter; and
- (2) information regarding the procedures for the selection and appointment of the external auditor and the rotation of external audit engagement partners. Following a formal tender process Deloitte was selected as external auditor in 2006. Deloitte has advised that the audit engagement partner shall be rotated every five years.

8. Review of the Charter

This Charter shall be reviewed by the Board least once every year from the date it was adopted.