



Audit & Risk Committee Charter

Version Adopted: 1 February 2017

Oliver's Real Food Limited

ACN 166 495 441

CONTENTS

1	Role of the Committee.....	3
2	Membership.....	3
3	Authority and access to information.....	3
4	Meetings.....	4
5	Responsibilities	5
6	Reporting to the Board	8
7	Committee Review	9

1 ROLE OF THE COMMITTEE

- (a) The Audit and Risk Committee (**Committee**) is a committee of the Board of Oliver's Real Food Limited ACN 166 495 441 (**Group** or the **Company**) with the specific powers delegated as set out in this Charter in accordance with the Company's constitution and Board Charter.
- (b) The role of the Committee is to assist the Board of Directors to meet its oversight responsibilities in relation to the Company's financial reporting systems, the systems of internal control and risk management and internal and external audit functions. In fulfilling these roles, the Committee is responsible for maintaining free and open communication between the Board, the Committee, management and the auditors.
- (c) The Committee does not relieve any Directors of their responsibilities for these matters.

2 MEMBERSHIP

- (a) The Committee members will comprise at least three non-executive Directors. Only non-executive Directors may be members of the Committee. A majority of the Committee members must be independent Directors and the Chairman of the Committee will be an independent non-executive Director.
- (b) The Committee members must be proposed by the Chairman of the Board and approved by the Board. In appointing members to the Committee, the Board will have regard to:
 - (i) at least one member of the Committee should have accounting and financial expertise;
 - (ii) each member of the Committee must be able to read and understand financial statements.
- (c) A member of the Committee may, with the approval of the Committee Chairman and at Group expense, attend seminars or training courses in respect of issues related to the functions and responsibilities of the Committee.
- (d) Cessation as a Director of the Board will automatically terminate of appointment as a member of the Committee.
- (e) The Committee Secretary will be the Company Secretary of the Company or the Company Secretary's nominee.

3 AUTHORITY AND ACCESS TO INFORMATION

- (a) The Committee has authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees are instructed by the Board of the Company employing them to respond to such enquiries.
- (b) The Committee has authority to:
 - (i) investigate any activity within its Charter and any matters specifically

requested by the Board;

- (ii) resolve any disagreements between management and the auditor regarding financial reporting;
 - (iii) delegate authority to subcommittees;
 - (iv) obtain outside legal or other independent professional advice as necessary to assist the Committee in the proper exercise of its powers and responsibilities, with the cost to be borne by the Group.
- (c) The Committee may invite any executive Director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.

4 MEETINGS

- (a) The Committee will meet regularly, at the times determined by the Committee Chairman, but not less than two scheduled times a year.
- (b) A member of the Committee or the external auditor may request that a meeting of the Committee be convened at any other time.
- (c) A quorum shall be any 2 members.
- (d) The Committee may invite any of the following to attend a meeting of the Committee:
- (i) the external auditor;
 - (ii) any internal auditor;
 - (iii) any other non-executive Director, executive or employee of the Group;
 - (iv) any other person,
- in each case, with or without management being present.
- (e) Board members may attend any meeting of the Committee.
- (f) Should the Chairman of the Committee be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.
- (g) At least once per year the Committee shall meet with the external auditor without management present.
- (h) The Committee Secretary will distribute in advance of a meeting the Committee agenda and any related papers to each member of the Committee and any other persons determined by the Committee.
- (i) Where a member has a conflict of interest in a matter, the Committee Secretary will provide the person with notice of the matter but, unless the other members of the Committee determine otherwise, will not provide that person with papers in relation to that matter.
- (j) The Committee Secretary will prepare minutes of meetings and have them

approved by the Chairman. Minutes of meetings shall be confirmed at the next meeting of the Committee.

5 RESPONSIBILITIES

The Committee has the following specific responsibilities with respect to the audit, risk management and financial reporting functions delegated to it by the Board:

- (a) Financial reporting:
- (i) reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
 - (ii) overseeing the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their public release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosure, and are consistent with the information known to the members of the Committee;
 - (iii) ensuring accounting policies are applied consistently and any new accounting standards requirements relevant to the Company are applied appropriately;
 - (iv) paying particular attention to large, complex and/or unusual transactions such as business combinations, restructuring charges and measurement and recognition of financial instruments;
 - (v) focusing on judgmental areas of the financial statements, for example those involving revenue recognition, valuation of assets and liabilities, product or environmental liabilities and other commitments and contingencies;
 - (vi) obtaining regular updates from management and the Company's legal counsel regarding compliance matters which may have a material impact on the Company's reputation or financial statements;
 - (vii) reviewing management processes designed to support the Company's external reporting obligations;
 - (viii) making appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Company have been considered in the preparation of the financial statements;
 - (ix) meeting with management and the external auditors to review the financial statements and the results of the audit;
 - (x) ensuring that any significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices have been discussed with the external auditor; and
 - (xi) ensure it receives from the CEO and CFO of the Company, a declaration that, in their opinion, the financial records of the Company

have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

(b) Risk management:

- (i) approving management's overall risk management strategy for the Company and ensure that required actions are resourced appropriately;
- (ii) ensuring that the Company identifies, reviews and regularly updates the profile of the principal business risks to which it is exposed and has assessed the appropriateness of the steps the Company has taken to manage these risks;
- (iii) developing a risk profile describing the material risks facing the Company and review trends on the risk profile, reports on specific risks and the status of the risk management process;
- (iv) monitoring performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended;
- (v) reviewing the effectiveness of the Company's implementation of the risk management system; and
- (vi) reviewing and assessing whether the Company's insurances are adequate.

(c) Internal control:

- (i) overseeing the processes used in producing financial statements;
- (ii) evaluating the process the Company has in place for assessing the effectiveness and efficiency of internal controls, particularly those related to areas of significant risk;
- (iii) assessing whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk; and
- (iv) monitoring implementation by management of any internal control recommendations made by the internal and external auditors and approved by the Committee, or any internal control policies required by the Board.

(d) External audit:

- (i) reviewing the external auditor's proposed strategy and audit approach for the current year in the light of the Company's circumstances and changes in regulatory and other requirements;

- (ii) regularly reviewing with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information;
- (iii) liaising with the external auditor and ensure that the annual audit is conducted in an effective manner that is consistent with the Committee members' information and knowledge and is adequate for shareholder needs;
- (iv) reviewing external audit reports to ensure that, where significant deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company;
- (v) discussing with the external auditor the quality of accounting policies applied in the Company's financial reporting;
- (vi) advising the Board on the appointment, independence, terms of engagement, performance and, if necessary, the termination/retirement of the external auditor;
- (vii) ensuring the external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the audit;
- (viii) ensuring the Company does not employ audit firm personnel in senior positions within 1 year of those personnel leaving the audit firm; and
- (ix) reviewing all representation letters signed by management and ensure that the information provided is complete and appropriate.

(e) Internal audit:

- (i) reviewing and approving the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management;
- (ii) confirming the appointment, promotion or dismissal of the head of internal audit (if a member of staff) or termination of any outsourced internal audit function;
- (iii) reviewing the effectiveness and performance of the internal audit function and ensure that it has appropriate standing within the Company;
- (iv) ensuring significant findings and recommendations made by the internal auditor are received, discussed with a course of action agreed that this is implemented on a timely basis; and
- (v) ensuring that the annual work plan of internal audit includes an analysis of the effectiveness of the Company's risk management, internal compliance and control system.

(f) Selection and rotation of the external auditor:

- (i) the external auditors are selected according to criteria set by the Committee which include:
 - (A) the lack of any current or past connection or association with the Company or with any member of senior management which could in any way impair, or be seen to carry with it any risk of impairing, the independent external view the external auditor is required to take in relation to the Company and the Company group;
 - (B) their general reputation for independence and probity and professional standing within the business community; and
 - (C) their knowledge of the industry within which the Company and the Company group operate;
 - (ii) the Committee has discretion to require rotation of the audit staff employed by the external audit partner, including the partner or other principal with overall responsibility for the engagement; and
 - (iii) the Committee must review any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.
- (g) Corporate Governance:
- (i) reviewing for completeness and accuracy the reporting of the Company's main corporate governance practices as required under the ASX Listing Rules;
 - (ii) reviewing the effectiveness of the Company's policy and procedures on continuous disclosure to the ASX;
 - (iii) approving the Company's internal policy on the delegation of authority which sets out matters reserved to the Board and delegated to management;
 - (iv) reviewing and monitoring the propriety of related-party transactions.

6 REPORTING TO THE BOARD

- (a) The Chairman of the Committee will report the findings and recommendations of the Committee to the Board after each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues.
- (b) The minutes of all Committee meetings shall be circulated to members of the Board.
- (c) The Committee does not have executive powers with regard to its findings and recommendations.
- (d) The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the Corporate

Governance Statement of the Company's Annual Report which relates to the Company's audit policies and practices.

- (e) In addition, the following information must be included in the Corporate Governance Statement in the Company's annual report:
- (i) the names and qualifications of those appointed to the Committee and their attendance at meetings of the Committee;
 - (ii) the number of meetings of the Committee;
 - (iii) an explanation of any departures from the recommendations;
 - (iv) whether the Board has received a report from management as to the effectiveness of the Company's management of its material business risks; and
 - (v) whether the Board has received written assurances from the CEO and the CFO that:
 - (A) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
 - (B) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

7 COMMITTEE REVIEW

- (a) The Committee will review its performance periodically.
- (b) The Charter will be viewed annually by the Committee. All amendments to the Charter are to be considered and approved by the Board.