



Audit & Risk Committee Charter

Bellamy's Australia Limited ACN 124 272 108
Adopted 24 August 2017

I Audit and Risk Committee Charter

The Audit and Risk Committee (**Committee**) is established under rule 8.15 of the Constitution of Bellamy's Australia Limited (**Company**).

2 Membership of the Committee

2.1 Composition

The Committee must comprise of:

- a minimum of 3 members of the Board;
- only Non-Executive Directors;
- a majority of independent Directors; and
- an independent Director who is nominated by the Board as Chair, who is not Chair of the Board.

2.2 Membership

It is intended that the members of the Committee between them should have accounting and financial expertise and a sufficient understanding of the industry in which it operates.

The Board may appoint additional Non-Executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Any Director may attend Committee meetings, however, only members of the Committee may vote on matters before the Committee. The Committee Chair may invite non-Committee members, including members of management to attend meetings of the Committee.

The Chief Executive Officer (**CEO**) will normally attend all meetings. External auditors, the Chief Financial Officer (**CFO**) and other relevant individuals should be invited to attend and make presentations at meetings as appropriate.

The Company Secretary, or his or her delegate, must attend all Committee meetings.

3 Administrative matters

3.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will meet at least four times each financial year.

The Company Secretary is required to convene a meeting if requested to do so by any Committee Member, Director, the CFO or the External Auditor. Notice will be given to every member of the Committee of every meeting of the Committee at the member's advised address for service of notice.

The quorum is at least 2 members.

3.2 Access to resources and independent advisors

The Committee has rights of access to auditors without management present, and rights to seek explanations and additional information from both management and auditors.

The Committee is to have access to adequate internal and external resources. For example, the Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

3.3 Minutes and reporting

The Committee Chair will report the findings and make recommendations to the Board after each Committee meeting.

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be included in the Board papers for the next Board meeting.

4 Role & responsibilities

4.1 Financial reporting

Engage in the pro-active oversight of the Company's financial reporting process and oversee and review the outputs of that process as a basis for recommendation to, and adoption by the Board of:

- the appropriateness and integrity of accounting policies and financial reporting and disclosure practices;
- any significant estimates or judgments in the Company's financial reports;
- annual financial statements, and whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- the accuracy and completeness of the information in other sections of the annual report and related regulatory filings before release;
- matters reviewed with management and the External Auditors as required to be communicated to the Committee under generally accepted Auditing Standards; and
- that appropriate processes are in place in relation to the systems of internal controls, and that system is operating effectively in all material respects in relation to financial reporting risks and to form the basis upon which the CEO and CFO execute their certifications to the Board of Directors in accordance with the *Corporations Act 2001* (Cth).

Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters.

4.2 Audit

Receive and review reports of the External Auditor of the Company's financial statements.

Recommend to the Board the selection, appointment and termination of External Auditors and Internal Auditors. Also, approve the audit contract, fees, terms of engagement and process for the rotation of external audit engagement partners.

Review the scope, performance and effectiveness of the Internal and External Auditors annually, including whether the Internal Auditor is adequately resourced.

Review the independence and objectivity of the External Auditors, including providing advice to the Board on any non-audit services proposed to be undertaken and whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence.

Oversee the internal audit function and monitor the need for any specific internal audits.

Ensure that audit recommendations are acted upon in a timely and effective manner.

Meet with the Auditors in the absence of management whenever it is deemed appropriate and no less than biannually.

4.3 Risk

Review the risk management framework, at least annually, and report to the Board that:

- the Company has a risk management program that continues to be sound and which effectively identifies all material areas of potential risk; and
- the Company's policies and procedures have been designed and implemented and are adequate to mitigate or manage material risks and to maintain a sound risk management culture.

The Committee procedures will include review of:

- management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- financial and operational risk management control systems (including reviewing risk registers and reports from management and external auditors);
- the Company's business continuity plans;
- the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks;
- the adequacy of the Company's own insurances;
- the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies and the risk appetite which is appropriate for the Company;
- the risk disclosures in the Company's operating and financial review in its annual report;
- the Group's exposure to fraud, including investigations of allegations of fraud or malfeasance;
- the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment);
- the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards; and
- the establishment and maintenance of processes to ensure that there:
 - are adequate systems of internal control, identification and management of business risks and safeguard of assets; and

- is a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.

5 Performance

The Board will, at least once in each year, assess the adequacy of this Charter and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.