

AUDIT AND RISK COMMITTEE CHARTER

Collins Foods Limited (the **Company**)

1 Purpose

- 1.1 This Charter governs the operations of the Audit and Risk Committee (**ARC** or **Committee**) of Collins Foods Limited (**CFL** or the **Company**). It sets out the Committee's role and responsibilities, composition, structure and membership requirements. The ARC has been established to assist the board of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process.

2 Authority and operation

- 2.1 The Committee will not have any executive powers.
- 2.2 The Committee is authorised to:
- (a) investigate any matter brought to its attention with full access to all books, records and facilities;
 - (b) have access to, and meet with auditors (external and internal), employees of the Company and any external advisors without executives or management of the Company being present;
 - (c) seek any information it requires from an employee (and all employees are directed to co-operate with any request made by the Committee) or external parties;
 - (d) obtain outside accounting, legal, compliance, risk management or other professional advice as it determines necessary to carry out its duties; and
 - (e) ensure the attendance of Company officers at meetings as it thinks appropriate.
- 2.3 All employees shall have the right (and be made aware of the right) to raise matters confidentially with any member of the Committee and shall be protected by the Board against any unfair treatment as a consequence of such raising of legitimate matters. The investigation of such matters raised with any member of the Committee will be conducted in accordance with the terms of the Company's Whistleblower Policy. Similarly the protection afforded to any employee who raises such matters will be in accordance with the measures detailed in the Whistleblower Policy.

3 Duties and responsibilities

- 3.1 The responsibilities of the ARC include the following:
- 3.2 **Financial reporting**
- (a) Review significant accounting policies adopted by the Company to seek to ensure compliance with relevant accounting standards and principles, ASX Listing Rules (where applicable) and relevant legislation.
 - (b) Review significant estimates and judgements in financial reports of the Company.
 - (c) Review the Company's annual and half-yearly financial reports, supporting representations and declarations and accompanying releases to the ASX (where applicable) and make any necessary recommendations to the Board.
 - (d) Review other financial information distributed externally as required.
- 3.3 **Risk management and internal control**
- (a) Oversee the implementation and operation of the Company's Risk Management system by management so as to establish an effective system for identifying, assessing, monitoring and managing risk.

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- (b) Review the Company's risk profile and reports provided by management regarding key business risks and their mitigation and monitoring.
- (c) Overview the effectiveness of the Company's risk management and internal compliance and control systems.
- (d) Recommend to the Board for adoption the scope, cover and cost of the Company's insurance program.
- (e) Monitor the adequacy and effectiveness of the Company's internal control framework including administrative, operating, accounting and financial controls.

3.4 External auditors

- (a) Make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external auditors and resolution of disagreements between management and the auditor regarding financial reporting.
- (b) Review with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures and recommend to the Board.
- (c) Pre-approve all audit and non-audit services provided by the external auditors and not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The Committee may delegate pre-approval authority to one of its members, who must then report to the full Committee at its next scheduled meeting.
- (d) Monitor and evaluate on a regular basis the independence of the external auditor.
- (e) Consider and approve an annual statement for inclusion in the Company's annual report as to whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence.
- (f) Provide the opportunity for the Committee to meet with the external auditor without management present at least once a year.
- (g) Review reports from external auditors to monitor management's responses and actions to correct noted deficiencies.

3.5 Internal audit

- (a) To determine whether or not a formal internal audit function should be in place and approve the appointment (and if appropriate, the removal) of the internal auditor.
- (b) Oversee the scope of internal audit and ensure no unjustified restrictions or limitations are imposed and that resourcing is adequate.
- (c) Review internal audit plans and work programs.
- (d) Review internal audit reports and monitor management's responses and actions to correct noted deficiencies.
- (e) Review the process the Company has in place for monitoring and assessing the effectiveness of internal audit.
- (f) Provide the opportunity for the Committee to meet with internal auditors without management present at least once a year.

3.6 OH&S

- (a) Recommend to the Board an OH&S policy, which clearly states the commitments of the Company to manage OHS related matters effectively.
- (b) Monitor and review management's performance in establishing systems to provide for safe operations and for safety management in all the Company's workplaces.
- (c) Monitor and review reports on the Company's OH&S performance.

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- (d) Review the processes implemented by management to achieve compliance with legal and regulatory obligations regarding occupational health and safety.
- (e) Monitor the adequacy of safety reporting systems for workplace incidents, breaches and operational incidents.

3.7 Compliance

- (a) Monitor and review the operation and effectiveness of management's systems and processes for compliance with legal and regulatory requirements.
- (b) Review regular updates from management, the Company's legal counsel, auditors and any external parties as it thinks fit regarding audit, risk management and compliance matters.
- (c) Review any legal matters which could significantly impact the Company's compliance and risk management systems, and any significant compliance and reporting issues, including any recent internal regulatory compliance reviews and reports.
- (d) Monitor the effectiveness of compliance policies that are in place to give assurance that continuous disclosure requirements are met.
- (e) Review the findings of any examinations by regulatory agencies and oversee all liaison activities with regulators.

3.8 Other external reporting, conduct and complaints

- (a) Review and discuss media releases, ASX announcements and any other information provided to analysts, when requested by the Board.
- (b) Ensure that policies and procedures are established and periodically reviewed, which adequately address procedures for reporting of violations and complaints and protection of whistleblowers.

3.9 Committee and Management performance

- (a) Perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.
- (b) Meet in private session, without management present, at least annually to assess management's effectiveness.

4 Committee composition

- 4.1 The Committee shall be members of, and appointed by, the Board. It shall be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Committee shall consist of:
- (a) at least three members;
 - (b) only non-executive Directors;
 - (c) a majority of independent Directors; and
 - (d) an independent chairperson, who shall be nominated by the Board from time to time but who shall not be the chairperson of the Board.
- 4.2 CFL's guidelines for assessing independence of Directors is set out in Appendix A of the Company's Board Charter.
- 4.3 All Committee members shall be financially literate (ie are able to read and understand financial statements). At least one member shall have accounting and/or related financial management expertise (ie is a qualified accountant or other financial professional with experience of financial and accounting matters) and some members should have an in-depth understanding of the industries in which the Company operates.

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5 Meetings

- 5.1 The Committee shall meet often enough to undertake its role effectively, being at least four times each year.
- 5.2 A quorum for any meeting will be two members.
- 5.3 Special meetings may be convened as required. The Chairperson will call a meeting of the Committee if requested to do so by any member of the Committee, by the external auditors or by the chairperson of the Board.
- 5.4 The Committee may invite such other persons to attend its meetings as it considers appropriate.
- 5.5 The Company Secretary will be appointed secretary of the Committee and will be responsible for the preparation and circulation of meeting agendas as approved by the Chairperson in advance of Committee meetings. The Company Secretary will take minutes of all meetings held and keep records of all reports and recommendations made by the Committee.

6 Reporting to the Board

- 6.1 The Committee shall regularly report to the Board on all matters relevant to the Committee's role and responsibilities.
- 6.2 The Chairperson will report and as appropriate make recommendations to the Board after each meeting of the Committee on matters dealt with by the Committee.
- 6.3 The Committee shall ensure that the Board is made aware of audit, financial reporting, internal control, risk management and compliance matters which may significantly impact upon the Company in a timely manner.

7 Review and amendment

- 7.1 The Committee shall review and reassess the charter annually or otherwise as it considers necessary for recommendation to the Board.

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