

AUDIT AND RISK COMMITTEE CHARTER

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Authorising Officers:

	Endorsement by Audit and Risk Committee	Approved by Outback Stores Board
Name:	Mr David Evans	Dr Susan Gordon
Position:	Chair of Audit and Risk Committee	Chair of Board
Signature:		
Date:	21 May 2024	29 May 2024

The Outback Stores (OBS) Board of Directors approved the revised Audit and Risk Committee (ARC) Charter at the Board meeting **29, May 2024** in accordance with Board Resolution **1.7 (item)**.

This Charter sets out the Committee’s purpose, responsibilities, authority, membership, reporting and administrative arrangements.

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AUDIT AND RISK COMMITTEE CHARTER

PURPOSE

The Board of Outback Stores Pty Ltd (OBS) has resolved to establish a Committee of the Board known as the Audit and Risk Management Committee (the Committee) and has approved this Charter which will govern the operations of the Committee. The Committee is a sub-committee of the Board is in compliance with Section 45 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and PGPA Rule Section 92 Audit Committee for Commonwealth Companies.

The OBS Board has established the Committee to assist the Board to discharge its responsibilities under the PGPA Act and Rule. The Committee's role is to provide independent advice to the Board on the appropriateness of the following functions:

- Risk oversight and management;
- Systems of internal control/internal audit;
- External audit engagement;
- Financial planning;
- Financial reporting;
- Performance reporting;
- Legislative and policy compliance; and
- General responsibilities.

For these functions, specific Committee responsibilities agreed by the Board are detailed in Annexure A.

The Committee will provide a regular statement to the Board whether these functions are appropriate for the organisation, with reference to any specific areas of concern or suggestions for improvement.

The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the OBS Board.

Members of the Committee are expected to understand and observe the requirements of the PGPA Act and Rule. Members are also expected to:

- Act in the best interest of OBS as a whole;
- Apply good analytical skills, objectivity and good judgement;
- Express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry; and
- Contribute the time required to meet their responsibilities and consider appropriate professional development.

AUTHORITY

The Board authorises the Committee, within its responsibilities:

- To obtain any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee;
- Discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations);

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- After first informing the Chairman of the Board, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary; and
- To have access to Management and auditors (external and internal) with or without Management present and has the right to seek explanations and additional information.

All decisions of the Committee shall be referred to the OBS Board for approval, other than:

- The appointment, replacement or dismissal of the Internal Audit Officer or the internal audit service provider; and
- An organisation-wide assurance map.

MEMBERSHIP

The Committee will consist of not less than three and no more than five members as set out in subsection 45(2) of the PGPA Act.

Members will be appointed by the Board from amongst the non-executive Directors or such other appropriate persons identified by the Board. A majority of members must be independent non-executive Directors.

In choosing the members, the Board must give consideration to appointing:

- Members with experience and understanding of the public and/or private service sector, and bring skills and knowledge relevant to OBS's core business or this Committee's functions; and/or;
- At least one member with relevant qualifications in finance, risk and accounting and have experience such as a qualified accountant or other financial professional with experience in financial and accounting matters.

An independent Director is a Director who is:

- Not employed in an executive capacity by Outback Stores;
- Not a substantial shareholder of the company or associated with someone who is;
- Not a material professional advisor or consultant of the company;
- Not a material supplier or customer of the company; and
- Not a party to a material contract with the company.

The Chair of the Board and other Board members may attend committee meetings, and when they elect to do so, will require copies of the Committee papers.

A representative(s) of ANAO will be invited to attend all meetings of the Committee, as an observer(s).

Membership of the Committee will be reviewed periodically (but at least annually in line with the Charter review) by the OBS Board with an aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualification, knowledge, skills and experience.

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The Committee will adopt and maintain a program of induction, training and awareness raising for its members, with the objective of enabling the committee to keep abreast of contemporary developments and leading practices in relation to its functions.

CHAIR

The Board will appoint a member, who is an independent Director and not the Chair of the Board, to be the Chair of the Committee.

The Committee is authorised to appoint a Deputy Chair who will act as chair in the absence of the Chair.

OTHER ATTENDEES

The following positions will be invited to each meeting ex officio;

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- General Manager Source and Supply

The Chief Executive Officer is not required to attend each meeting but will be expected to attend significant agenda items.

Other members of senior management may be invited by the Committee to be present for all or part of the meetings of the Committee.

All Directors are to receive notification of Committee meetings so that they may attend if they wish. In addition to attending any Committee meeting, all directors may speak at Committee meetings but, unless they are a member that Committee, they may not vote at the meetings.

Representatives of the external auditor and internal auditor will be invited to attend each meeting of the Committee and at least once a year, the Committee shall meet with the external auditors and separately with the internal auditors.

ENGAGEMENT WITH THE ANAO

The Committee will engage with the ANAO, as the entity's external auditor, in relation to the ANAO's financial statement and performance audit coverage.

In particular, the Committee will:

Provide input on the ANAO financial statement and performance audit coverage;

- Monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations;
- Provide advice to the Board on action to be taken on significant issues raised in relevant ANAO reports or better practice guides; and
- Meet privately with ANAO at least once per year.

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REPORTING

The Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.

The Chair of the Committee will report to the Board at the next Board meeting following a meeting of the Committee on any matter that the Committee considers should be brought to the attention of the Board.

The Committee will at least once annually confirm to the Board that all functions/responsibilities outlined in this Charter have been carried out and comply with any other reporting requirements specified by the Board from time to time.

ADMINISTRATIVE ARRANGEMENTS

Meetings and Minutes

The Committee will meet as required but not less than four a year so as to enable the Committee to undertake its role effectively.

Committee meetings may be held either in person or by using such technology as appropriate.

The Committee Chair is required to call a meeting of the Committee if requested to do so by any member of the Committee, the CEO, the internal auditor or the external auditor.

Minutes of each Committee meeting shall record the decisions of the Committee and shall be:

- Referred by the Secretary to the Chair of the Committee for finalisation of content;
- Confirmed as a true and correct record of proceedings at the next subsequent Committee meeting;
- Provided to the Board for information, discussion and acknowledgement of receipt; and
- Retained by the company for future reference.

Planning

The Committee will develop a forward meeting schedule that includes the dates, location and all proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this Charter.

Quorum

A quorum will be two (2) members provided that:

- If there are two (2) members, at least one of those members has financial and accounting experience and one of those members is independent; and
- If there are more than two (2) members, at least one of those members must have financial and accounting experience and a majority of or equal number of members must be independent.

Secretariat

The Company Secretary or such other authorised person will be the secretary of the Committee.

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The secretariat will ensure:

- The agenda for each meeting is approved by the Chair;
- The agenda and supporting papers are circulated at least one week before the meeting; and
- The minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated within two weeks of the meeting to each member and committee observers, as appropriate.

Agenda

The Committee Secretary in conjunction with the Committee Chair shall determine an agenda and business papers for each Committee meeting and shall circulate the agenda to all Directors of OBS at least one week prior to each meeting.

The external auditors will be requested to contribute to the agenda.

Conflicts of interest

Once each year, members of the Committee will provide written declaration, through the Chair, to the Board declaring any material personal interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making this declaration and the Board, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflicts.

At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately be recorded in the minutes.

Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Continuing Development

Members will be given the opportunity to attend technical or professional development courses to help them keep up to date with legislative, financial and other relevant issues including indigenous affairs issues.

Assessment Committee's Performance

The Committee should be subject to a review annually, including a review by the Board and the completion of a self-assessment program. The reviews should include the following:

- Obtaining feedback on the Committee's performance and operations from key people such as the external auditor (ANAO), the head of internal audit or equivalent, and senior financial and other management staff;
- Obtaining feedback from the Board of Directors on the effectiveness of the Committee;

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- Assessing the performance of the Committee against its terms of reference; and
- Assessing the contribution of individual Committee members (review to be completed by the Committee’s Chair) for discussion with the Chair of the Board.

Review of Charter

At least once a year the Committee will review this Charter. This review will include consultation with the Board.

Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Board.

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ANNEXURE A

RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The Committee is responsible for any matter relating to the financial reporting, internal control structure (including Internal Audit and Director Reimbursement), risk management systems and external audit function of OBS. In particular, the Committee has the following duties as set out in subsection 45(2) of the PGPA Act:

Risk Oversight and Management

To oversee the establishment and implementation by Management of a system for identifying, assessing, monitoring and managing material risk throughout Outback Stores. This system will include, but not limited to, the Company's internal control systems:

- To review at least annually the Company's risk management and internal control systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the Board;
- To assess the internal processes for determining, managing and reporting on key risk areas affecting:
 - the achievement of the company's mission;
 - the commercial and social balance of its operations within Indigenous communities; and
 - the company's current and ongoing relationship with Indigenous communities, the Government and other significant stakeholders.
- To ensure that the company has an effective risk management system and review its operational effectiveness on a regular basis, particularly with respect to the store related due diligence procedures and other areas of significant risk exposure;
- To evaluate the Company's exposure to fraud;
- To take an active interest in ethical considerations regarding the Company's policies and practices;
- To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- To identify and direct any special projects or investigations deemed necessary;
- To ensure the appropriate engagement, employment and deployment of all employees and managed staff under statutory obligations;
- To ensure a safe working culture is sustained in the workforce;
- To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the Company;
- To regularly review and update the risk profile; and
- To ensure the adequacy of insurance cover.

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Systems of Internal Control/Internal Audit

Internal Controls Framework

- Assess whether management has in place comprehensive and relevant policies and procedures designed to maintain an effective internal control framework, including over external parties such as contractors and advisers;
- Asses the process for developing and implementing the OBS's fraud control arrangements and satisfy itself that OBS has adequate processes for detecting, capturing and effectively responding to fraud risks; and
- Assess the adequacy of OBS's physical and information technology security arrangements.

Delegations

- Assess whether appropriate policies and supporting procedures are in place for the management to exercise delegations.

Business Continuity Management

- Determine whether a sound and effective approach has been followed in establishing OBS's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested.

Work Health and Safety Reporting

- Assess the adequacy of Work Health and Safety reporting specifically in relation to:
 - Hazards and incidents report
 - Notifiable incidents and compensable cases
 - Food safety
- Monitor the implementation of effective Work Health and Safety policies, procedures and practices.

Ethical and Lawful Behaviour

- Assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

Internal Audit Function

- To consider bi-annually the implementation and/or operation of the Company's internal audit function, any associated expense and its effectiveness.
- To consider the areas of Internal Audit review within the Company
- To determine that no Management restrictions are being placed upon the internal audit function and ensure its independence
- To consider the major findings of the internal audit investigations and Management's response.
- To report to the Board any major findings outside of the current risk appetite
- To assess the performance of the internal audit function.
- To consider and recommend to the Board the appointment of the internal auditor if required.

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External Audit Engagement

- Each year, to review the engagement of the external auditor, the ANAO including their audit fee, audit plan and address any questions that may arise.
- To discuss with the external auditor, the ANAO and internal auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the internal and external auditor.
- To meet privately with the ANAO on at least an annual basis.
- To determine that no Management restrictions are being placed upon the external auditor.
- To discuss problems and reservations arising from the interim and final audits, if any matters the auditors may wish to discuss (in the absence of Management’s response).
- To review the external auditor’s Management letter and Management’s response.
- To review any regulatory reports on the Company’s operation and Management’s response.

Financial Planning

- Review and recommend to the Board:
 - Policies that maintain and improve the financial health and integrity of OBS;
 - A financial plan in accordance with OBS Strategic Plan;
 - An annual operating budget and annual capital budget consistent with the Strategic Plan; and
 - Capital expenditure and unbudgeted operating expenditures that exceed management spending authority.
- Assess the financial aspects of major proposed transactions, new services, as well as proposals to discontinue services and make recommendations to the Board.

Financial Reporting

- Review processes and systems for preparing financial reporting information.
- Review the annual audited financial statements and provide advice to the Board (including recommending their signing by the Chair of the Board). In particular, the Committee will:
 - Review compliance with the PGPA Act, the PGPA Rules, accounting standards and supporting guidance;
 - Assess any significant changes to accounting policies and practices (by May each year);
 - Review significant or unusual transactions;
 - Assess whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures;
 - Review the processes in place designed to ensure that financial information included in OBS’s annual report is consistent with the signed financial statements; and
- Monitor the standard of financial information provided to the OBS Board, and discuss with the ANAO the auditor’s judgements about the adequacy of OBS’s accounting policies and the quality of OBS’s processes for the preparation of OBS’s financial statements.
- Monitor the financial performance of OBS against budgets, long-term trends and industry standards.

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Performance Reporting

- Assess whether OBS's Portfolio Budget Statements entry and corporate plan contain appropriate details of how the organisation's performance will be measured and assessed.
- Review whether OBS's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements entry and corporate plan is appropriate and in accordance with the Commonwealth performance framework. This may include reviewing, over time, particular elements of performance measures.
- Assess and review the Company's annual performance statement as required by PGPA Rule.
- Consider issues relating to the Company's performance that the Committee considers warrant review or are referred to the Committee by the OBS Board.

Legislative and Policy Compliance

- Assess the effectiveness of the systems for the identification and monitoring of OBS's compliance with those laws, regulations and associated Government policies that the entity must comply with.
- Determine whether management has appropriately considered legal and compliance risks as part of the entity's enterprise risk management plan.

General Responsibilities

Related Party Transactions

- To monitor and review the propriety of any related party transactions.

Reporting Assessment

- To assess whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholder needs.
- To assess Management processes supporting external reporting.

Communication

- Providing, through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures and the external auditors.
- Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

Assessment of Effectiveness

- To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management, internal auditors and the external auditors.

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Director Reimbursement

To approve reimbursements to Directors for such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

Reporting

The Committee should make recommendations and report to the Board on all matters relevant to the Committee's role and responsibilities.

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